

BANK MANAGEMENT

Type of Participant Targeted

Bank Management (BankMan) is intended for participants with two to three years of relevant experience. *All assistant examiners, regardless of specialty, must complete this course before becoming commissioned.*

Prerequisites

Participants should have completed the Orientation Program, Banking and Supervision Elements, Report Writing, Conducting Meetings with Management, and other required specialty-specific course work prior to taking BankMan.

Course Overview

BankMan is designed to enhance the analytical, decision-making, and leadership skills of the participant, and it emphasizes the interdependence of various specialties in the management of a bank. The material is presented from the perspective of bank management, rather than a regulator. It is the only school that does so and, as such, provides the participant with a unique and necessary perspective.

A key element of the school is the use of a computer-based model to simulate a banking environment. The participant, as part of a team, operates a simulated bank in competition with other teams. Case studies, loan exercises, and industry speakers are also used as a means for meeting the course objectives.

The five main objectives of BankMan are to: (1) broaden the participant's understanding of specific banking functions, (2) provide an overview of the interrelated operations of a banking organization, (3) enhance the participant's appreciation for the complex issues senior bank management faces, (4) enhance the participant's analytical and decision-making skills, and (5) develop team-building skills. Strengthening these areas will enable the participant to contribute more effectively to the goal of maintaining a safe and sound banking system.

Course Objectives

After completing this 8½-day course, the participant, at a minimum, will be able to accomplish the following objectives.

- Categorize and evaluate specific banking functions (i.e., strategic planning, administrative policies, marketing, loans, securities, asset/liability management, funding, and operations).
- Assess the integrated operations of a banking organization, including the activities of trust, information technology, and consumer-related issues.

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- Determine the effects of management decisions on capital, earnings, and the organization's stock price.
- Measure the effects of economic conditions and competition on a bank's earnings and competitive abilities.
- Determine the importance of effective internal controls and information systems in a bank.
- Assess and manage the various risks that bank management faces.
- Judge the influence of funding policies on the composition and volatility of an institution's liability structure, as well as the policies' relationships to institutional liquidity.
- From a banker's point of view, determine how to maximize profits and shareholder value while operating under stringent regulatory guidelines.
- Support the importance of interpersonal skills in the development of a strong management team.

Post-Course Intervention

After completing BankMan, the participant should be given on-the-job assignments that will increase the retention of the competencies presented during class. Such on-the-job assignments include the following examples.

- As applicable for each specialty, evaluate a financial institution's management and determine the appropriate rating.
- Assess a financial institution's strategic plan.

Learning Objectives

After completing each section, the participant, at a minimum, will be able to demonstrate the following skills.

Bank Simulation Activities

- Determine the sometimes competing responsibilities of a bank manager.
- Interpret the effects of management decisions in one area of the bank's operations on other areas of the bank.
- Measure the effects of competition on bank performance.
- Assess the ingredients for the successful operation of a bank.
- Determine how to operate a bank profitably in a regulated environment.
- Design policies that distinguish the bank from its competitors and contribute to its financial success.
- Evaluate the importance of effective internal controls and propose responses to deficiencies in the bank.
- Appraise the value of interpersonal skills in the effective functioning of a management team.

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Integrated Supervision Case Study

- Determine whether to acquire a financial institution after considering relevant safety and soundness, trust, information technology, and consumer affairs issues.
- Measure the relative merits of financial versus non-financial considerations in an acquisition decision.
- Support management decisions with sound reasons that support the best interests of the bank.

Banking and Related Topics

- Contrast a banker's perspective of the various functional areas of banking from a regulatory viewpoint.
- Determine the strategic and operational characteristics of a high-performance bank.
- Conclude how to manage a successful bank within the constraints of industry regulation.

Test and Review

- Test comprehension of the material presented during class.
- Interpret how well the participant has assimilated a banker's perspective of the issues related to managing a bank.

Class Size

Optimal class size is 32 which allows for the bank simulation teams to be organized into two communities of four teams each. A class having fewer than 32 participants is generally not desirable.

Instructors

The instructors for this course are experienced examiners who have a solid familiarity with the operations of a commercial bank. Among the five instructors for each class, at least one has sufficient computer expertise to run and troubleshoot the computer simulation exercise. In addition, one instructor has the capital market expertise that is needed to facilitate related decisions in the simulation exercise. Finally, the lead instructor is well acquainted with every aspect of the course and has effective leadership skills.